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FM MG AARON ACSI DA WASH DC  
TO LTG WALTERS D/DCI HQ CIA LANGLEY VA ←  
MG CRITTENBERGER ACTG DEP DIR DIA WASH DC  
BG(P) MCFADDEN NSA HQ FT MEADE MD  
ZEN/BG ROLYA CDR USASA AHS VA  
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ZEM

C O N F I D E N T I A L WDC 047#9 EYES ONLY

EZ21  
SUBJECT: INTELLIGENCE DAY AT COMMAND AND GENERAL STAFF COLLEGE,

FORT LEAVENWORTH, 22 MARCH 1976

1. (U) ON 12 MARCH MR. H. W. TAYLOR VISITED CGSC TO DISCUSS  
INTELLIGENCE DAY WITH THE STAFF AND FACULTY. IN GENERAL, CGSC  
REQUESTS THE SPEAKERS TO:  
A. EMPHASIZE THE INTELLIGENCE PRODUCTS AND THEIR IMPACT ON  
DECISION AND POLICY MAKERS.  
B. KEEP TO A MINIMUM ORGANIZATIONAL DIAGRAMS AND THE DE-  
SCRIPTION OF THE INTELLIGENCE COLLECTION PROCESS.  
C. AVOID DUPLICATION AMONG PRESENTATIONS.  
D. ADDRESS SPECIFIC CASES AND TOPICS DESCRIBED IN FOLLOWING  
PARAGRAPHS.

2. (C) FOR LTG WALTERS, RECOMMEND YOU INCLUDE THE FOLLOWING

IN YOUR PRESENTATION:  
A. ON A CASE STUDY BASIS, USING THE INTELLIGENCE COMMUNITY'S  
POST MORTEMS, DESCRIBE THE TRUE INTELLIGENCE SITUATION REGARDING  
THE 1973 YOM KIPPUR WAR; THE COUP IN PORTUGAL, THE TURKISH IN-  
VASION OF CYPRUS, AND THE SITUATION IN ANGOLA AND ELSEWHERE IN  
AFRICA.  
B. COMMUNITY'S VIEWS ON THE SOVIET-PRC SPLIT AND YUGOSLAVIA  
AFTER TITO.  
C. ON THE REORGANIZATION OF FOREIGN INTELLIGENCE ANNOUNCED  
BY THE PRESIDENT ON 18 FEBRUARY DESCRIBE SOME OF THE OPERATIONS  
THAT CAUSED SUCH CHANGES AND THE MAJOR CHANGES.  
D. DESCRIBE HOW THE INTELLIGENCE IS USED BY DECISION MAKERS;  
CITE EXAMPLES. WHAT JUDGEMENTS ARE MADE IN ESTABLISHING THE PRIOR-  
ITIES IN THE INTELLIGENCE COMMUNITY?  
E. DESCRIBE THE DCI'S MANAGEMENT TOOLS: OBJECTIVES, PER-  
SPECTIVES, PRIORITIES AND KIDS.  
3. (U) FOR MG CRITTENBERGER. IN ADDITION TO INFORMATION MR.  
TAYLOR PASSED FOR LTC MCCANN ON 10 MARCH ADD THE FOLLOWING:  
A. HOW DOES INTELLIGENCE RESPOND TO THE NEEDS OF THE TACT-  
ICAL COMMANDERS?  
B. WHAT HAVE THE SOVIETS DONE TO COUNTER THE RECENT CHANGE  
IN US ARMY TACTICS?  
C. ADDRESS THE ANTI-ARMOR DEBATE; DOES THIS CHANGE THE  
SOVIET APPROACH AND INCREASE THE NUCLEAR THRESHOLD?  
D. ARE WE OVERESTIMATING THE SOVIET THREAT OR UNDER-  
ESTIMATING?  
E. HOW DO SOVIET MAJOR WEAPONS SYSTEMS COMPARE WITH OURS?  
4. (U) FOR BG (P) MCFADDEN AND BG ROLYAI  
A. AVOID DUPLICATION BETWEEN NSA AND ASA PRESENTATIONS,  
PARTICULARLY THE COLLECTION SYSTEMS.  
B. DEEMPHASIZE THE COLLECTION PROCESS AND EMPHASIZE THE

MSGND 45 (88XX) AAE \*15/03476\* \*12153\*  
PRODUCTS, E.G., FOR BG ROLYAI--WHAT IMPACT DID THE ASA ACTIVITIES  
HAVE ON THE OUTCOME OF REFORGER 75?  
5. (U) IN THE EVENT YOU HAVE ANY QUESTIONS, MR. TAYLOR (EXT.  
74644/77603) CAN AMPLIFY THE ABOVE. HE WILL PROVIDE YOU  
DETAILS OF THE ITINERARY, INCLUDING THE TRANSPORTATION ARRANGE-  
MENTS AS SOON AS FIRMED UP.  
6. WARM REGARDS  
GDS-31 DEC 1982  
SSO NOTE: DELIVER IMMEDIATELY UPON RECEIPT.  
PLEASE SEND ZUF-4 AND 1 TIMES ASAP.

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ARMY and DIA review(s) completed.

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Attached is in response  
to your request to Paul  
Walsh for Gen Waller's  
Fort Leavenworth visit.

(para 2E of the incoming cable). I understand

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[redacted] has already provided the input for ZB.

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**ARMY and DIA review(s) completed.**

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18 March 1976

DCI's Management Tools

How, then, you may ask, does the DCI focus the government's vast intelligence resources on the proper topics. How does he ensure that we not only zero in on matters so critical as Soviet ICBM development, and still cover those that are important, though secondary, like Italy's political stability? In other words, what are his main management tools?

This morning I would draw your attention to two of these. One we have long experience with, the schedule of US Foreign Intelligence Priorities set forth under the DCI's Directive No. 1/2. The second, a relative newcomer, is the DCI's "family of national guidance documents" which include the DCI's Perspectives, Objectives and Key Intelligence Questions.

First, let's look at the priorities set forth under DCI Directive, or "DCID," 1/2.

The Directive states that the priority schedule should be used in connection with the distribution of resource use in the community program as a whole. Notwithstanding this monumental goal, several caveats give DCID 1/2 ample flexibility. It is to be used,

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for example, only in conjunction with such other considerations as the adequacy of information already available, or the level of effectiveness of current resources. Each agency is also expected to apply the priorities in conjunction with its own assigned mission or special capabilities. The Directive acknowledges the possibility that unforeseen crises may compel the DCI to override certain priorities. It also directs an annual review of the list, with interim revisions possible. The priorities, of course, are specifically related to the elements of the DCI's "family of national intelligence guidance documents."

DCID 1/2 represents a highly systematized, quantified arrangement matching topics with countries, and is designed to carry over a five-year period, the latest being 1976-80. At the top of a scale of one to seven is intelligence "vital to US national survival, and forming the basis for the most crucial US security and policy decisions." Next is intelligence "of critical importance to US political, economic, and military interests." Down in seventh place is intelligence merely "of interest" for US policy planning and execution.

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The topics and countries are arranged according to shifting understanding of needs. Thus the latest list, of last April, assigned higher priorities for economic intelligence than was done the year before, and added subcategories on "Energy Resources and Policies" and "Inflation and Recession." Similarly, four additional countries were added to the list of those "of highest intelligence interest" to the US -- including Syria, because of its growing role in Middle East problems. So if you wish to see the priority

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the Intelligence Priorities

Attachment under DCID 1/2 is on record.

Now let us see how the still-evolving "family" of guidance papers -- the Perspectives, Objectives, and especially the Key Intelligence Questions (or "KIQs") -- fits in. These, I might note, were very largely inspired by the management style of our former Director, Mr. Colby. It is of course too early to judge how Mr. Bush will adjust the pattern.

The first document in this orderly sequence, the DCI's Perspectives for Intelligence, takes a broad look

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at the world for the next five years. It is our attempt to discern the shape of the world, within and in light of which, the US Government's intelligence (and foreign policy) activities will have to be conducted. The Perspectives are intended to influence current fiscal year decisions whose effects will be felt, or results fully manifest, only after several years.

Near-term general guidance for the coming fiscal year is provided in the "DCI Objectives for the Intelligence Community." The Objectives address both Substantive and Resource Management concerns. The Substantive Objectives (usually about five in number) are succinct statements of the Community's main tasks for the year ahead, and set the stage for the much more specific KIQs. The Resource Management Objectives focus on resource allocation and are related to the DCI's mandate to provide leadership for the Intelligence Community.

As for the Key Intelligence Questions themselves, they highlight the most important areas in which answers are necessary in order to meet the Substantive Objectives within the coming year, that is, to render optimum support to the President, the National Security Council and other senior officials with policy responsibilities.

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Though more specific than the Objectives, the KIQs (usually about 70 in number) remain fairly general in order to allow the Intelligence Community a degree of flexibility. The KIQs reflect policy makers' needs as expressed by the consumers, the inputs and advice from interagency production/collection groups, and other guidance such as the Defense Key Intelligence Questions (DKIQ). Last year all the major issues covered by the DKIQs were incorporated or subsumed in the KIQs. The KIQs were reviewed by the United States Intelligence Board, and issued by the DCI to the Intelligence Community.

There is of course no typical KIQ, but one or two examples may help me convey the concept. A single Substantive Objective concerns Soviet policies, intentions, and capabilities, and serves as an umbrella over 34 individual KIQs. One KIQ reads "What progress are the Soviets making in increasing the counterforce capability of their ICBM forces?" The 34th queries on likely trends in USSR-East European relationships.

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The mere issuance of the KIQs, however carefully done, obviously does not by itself ensure the orderly mustering of forces to collect, process, and produce the needed intelligence. Further steps must be taken to achieve the goal, evaluate the performance, and revise the substantive guidance as the policy needs change. The process itself also is continually being scrutinized by all who are involved. And so I'm sure you understand that I have been outlining the DCI's current management tools, and that the tools are being sharpened with experience and new perspectives.

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17 March 1976

SINO-SOVIET RELATIONS

Moscow and Peking remain locked in all-out rivalry. Divergent national interests, territorial disputes, ideological competition, a contest for influence in the Third World, a deep cultural gulf between the two nations -- all these make the split durable.

In addition, Mao personally regards an anti-Soviet stance as the bedrock of his policy. He fears that China will lose its revolutionary character if it gets into harness with the USSR again. The Soviets have concluded that not even a partial accommodation is possible while Mao lives, and they are right.

After he goes, and when his successors sort themselves out -- which may take years -- we look for some normalization between the two powers, mainly because the present hostility is so costly to both. But we think it will be limited, and the rivalry will only be muted, not dissolved.

Meanwhile, the buildup of forces on both sides of the border peaked several years ago, and each is now making gradual improvements in its military posture. The Soviets, having no deep rear in Siberia and the Far East, have their 400,000 men in the border region. The Chinese have deployed 1.5 million men further back on their side, evidently intending to absorb and envelop any Soviet attack.

Soviet weapon systems are far more modern and effective, and the USSR enjoys a huge nuclear advantage, but China has acquired a minimum nuclear deterrent of its own.

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18 March 1976

POST-TITO YUGOSLAVIA

The problems that face Tito's successors would make any politician shudder. On the home front, they will have to contend with chronic inflation, rising consumer demand, strong competition for federal money between the wealthy northern regions and the underdeveloped south, and with the fervent nationalism of the country's ethnic groups. They will initially be preoccupied with national security and especially watchful for any signs of Soviet meddling. At the same time, they will continue Tito's foreign policy of trying to keep a three-way balance in relations with the East, the West, and the third world. Inevitably, their courtship of the nonaligned countries -- radical and moderate alike -- will keep them in relatively hot water with Washington and occasionally with Moscow.

The new leaders have some weighty factors working in their favor. First of all, we do not think that there is much chance of Soviet military intervention after Tito goes unless the nationalities really come to blows among themselves, and any signs of increased Soviet interference would probably serve to unify the nation. Secondly, Yugoslavia's thirty years of federal experience under Tito have imparted a sense of nationhood that will help to contain regionalism in a crisis. And if the country does show signs of beginning to come unglued, the army is ready and willing to step in to preserve the federation. The key to survival over the longer term rests on the ability of Tito's successors to keep the fractious Yugoslavs working reasonably well together, and they have a better than even chance of doing the job. But the USSR will be working in various ways to alter the country's alignment, and if unity frays badly -- particularly in the army -- a critical and risky situation could result.

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OCI Response to Part 2, Question D, for General Walters  
(Describe how the intelligence is used by decision makers;  
cite examples. What judgments are made in establishing the  
priorities in the intelligence community?)

1. If those who work at CIA or in other parts of the intelligence community were asked to describe their view of the ideal relationship between the intelligence gatherer/producer and the decision maker, the response would probably be along these lines: decision makers should consciously and carefully assemble information relevant to their problems, weigh policy options and implications, and proceed to select courses of action. Intelligence, approached in an impartial and objective spirit, should provide part of the factual and interpretative background for this process and should aid in the projection of the consequences of alternative strategies.

2. The real world inhabited by the decision maker and the intelligence producer is much less orderly and incredibly intricate. Except in a few instances, particularly in crisis situations, there are not a few but many decision makers. And they differ in interest, temperament, and working style, as well as in areas of expertise. To further complicate matters, intelligence often is only one among a number of information sources available and those who make policy are under no obligation to be guided solely by its light. Given the variety of factors involved, then, it is clear that decision makers, in any situation, can and do use intelligence in an enormous number of ways.

3. It might be useful to point out that policy makers most appreciate receiving unique pieces of information of the kind only intelligence sources can provide. And they also covet analysis of unfamiliar or particularly complex material of a technical/scientific, military/strategic, or economic nature. Usually, the decision maker is less interested in intelligence that corresponds to his own expertise, which generally is interpretive reporting on foreign policy developments, unless it provides answers to specific questions or illuminates problems through the use of new techniques or the exploitation of unfamiliar material.

## OCI Response to Part 2, Question D, for General Walters

4. Intelligence feeds into the decision-making milieu in a wide variety of forms and can be loosely categorized as follows:

- a. A score of top officials as well as many others at the lower echelons are kept abreast of events through current intelligence, provided both orally and by a varied array of written products. Several different types of products and services are embodied in this category, including broad spectrum reporting, focused coverage by area or function, and crisis intelligence.
- b. Customized service is directly keyed to specific concerns of policy makers and may be in response to requests levied from the decision maker or may reflect concerns that intelligence officers determine independently.
- c. In-depth analysis involves the evaluation of all available pieces of evidence that seem reasonably to bear on a problem; seeking the counsel of other specialists; refining hypotheses and finally recording findings.
- d. Predictive intelligence involves a willingness to think the unthinkable and an ability to forecast discontinuities as well as to identify trends.

5. Apart from the intrinsic quality of the intelligence, the way in which it is used by decision makers depends on other factors, operating singly or in combination. Does the intelligence coincide with or run counter to preconceptions on the policy side? How does the intelligence fit in with or conflict with other counsels and pressures? How "hard" is the intelligence and to what extent does the community agree on it? What is the state of interpersonal relationships among decision makers and those who produce intelligence? And finally, are the decision makers undecided, of the same mind, or divided in their approach to the problem under consideration? Thus, intelligence quality, the adequacy of communications, and the degree of policy receptivity all bear upon the impact of intelligence. Optimum achievement in all three categories is difficult. But I can cite examples of the successful use of intelligence to the decision maker.

## OCI Response to Part 2, Question D, for General Walters

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6. A sterling example is provided if we look at SALT. Support by the intelligence community and especially by CIA has been critical from the very beginning. The SALT agreements were possible because policy makers had confidence in intelligence verification methods, in appraisals of future missile force levels, and in the direct support accorded by the intelligence community during the negotiations.

7. CIA geographers gave crucial support to Dr. Kissinger in his efforts to bring about an Egyptian-Israeli peace accord through the detailed maps they produced and through their intimate knowledge of the terrain. Equally, technicians were indispensable in advising on the feasibility and operation of an appropriate sensory system.

8. A quite specific example of the use of intelligence occurred in 1972, when a CIA-chaired task force warned--on the basis [redacted] that a squadron of Komar guided missile boats was moving from South China to North Vietnam. US naval forces intercepted and destroyed the boats.

9. A continuing area of concern over the last six years or so has been the degree of tension between China and the Soviet Union and the danger of major hostilities. CIA has repeatedly assessed the issue and its findings have been consistently sound, thus enabling the decision maker to chart a rational course for US policy.

10. In the early 1970s, there was a growing concern over the levels and direction of our aid abroad. In particular, the extent of the military threat posed by North Korea needed to be examined. Intelligence analysis demonstrated a need for a pronounced change in the mix of equipment going to South Korea.

11. In the Cuban missile crisis, as you doubtless well know, intelligence provided the first indication that Russian missiles had arrived and enabled the government to verify missile deployment. And during the embargo, intelligence from a CIA source in the Soviet military gave President Kennedy additional assurances that Moscow would not go to war over Cuba.

OCI Response to Part 2, Question D, for General Walters

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12. In 1967, intelligence producers both predicted that there would be a war between Egypt and Israel and that Israel --even if the US stayed totally out of the imbroglio--would win.

14. These are but a few of the examples of intelligence successes and they are worth noting because so many things can go wrong, either on the intelligence side, the policy side, or in the relationship between them. Unfortunately, it is far easier to document intelligence failures than to ascertain intelligence successes. Being accurate is adjudged normal and ordinarily is accepted without fanfare; errors or omissions, in contrast, are greeted with much dismay.

15. Priorities in the intelligence community must bear a direct relationship to the concerns of the policy maker. If a problem is on the front burner of the President and Secretary of State, it must be equally in the forefront for CIA and the rest of the intelligence community. Bearing this obvious fact in mind, one judgment that must be made in establishing priorities is to ascertain what kinds of information can be obtained solely through intelligence, whether it comes from the agent in the foreign ministry, the satellite in the sky, or the antenna in the field. Clearly, top priority still goes to intelligence collection and production that enables decision makers to assess the threat of war, the state of foreign military establishments, and related topics.

16. In this day and age, judgments on priorities are becoming increasingly complex. We are no longer absolutely certain, for instance, who are our friends, who are our enemies, and who falls in between. In the past, our intelligence priorities plainly were focused on our enemies in China, the USSR, and the rest of the Communist world. Nowadays, the lines are blurred and what our ostensible friends do may cause us more grief than the actions of our alleged enemies. There is yet another factor that complicates our judgments today on intelligence priorities. Although military/strategic questions continue to be of immense importance, the "wars" of the future

OCI Response to Part 2, Question D, for General Walters

may revolve around control of scarce or vital resources or other economic issues. The oil embargo by OPEC made clear that information on the oil policy of a country might be even more critical than information on its military posture. Still another consideration in the mid 1970s is cost, both people and money costs. Certainly to a greater extent than in the past, we have to ask ourselves what the overall cost of obtaining and evaluating certain types of information will be.

17. The judgments we make, then, are influenced by many factors. And we should remember that even when priorities are established and accepted by the intelligence community as a whole, they may shift dramatically if a crisis occurs, such as the 1974 coup in Portugal, in which US interests and the interests of the West are seen as at stake.

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I. The Intelligence Community and the Yom Kippur War

A. The Intelligence Community's post mortem on Community performance before the Arab-Israeli War of October 1973 concluded that:

1. The Community analysts were provided with a plentitude of information which should have suggested, at a minimum, that they take very seriously the threat of war in the near term;

2. The assessments which appeared in various intelligence periodicals, spot reports, and memoranda, did not sufficiently utilize the information available and consequently did not provide a warning of impending hostilities.

3. Instead of warnings the Community's analytical effort in effect produced reassurances. For instance, the 6 October DIA Intelligence Summary item on Egypt asserted that:

"Mobilization of some personnel, increased readiness of isolated units, and greater communications security are all assessed as parts of the exercise routine... there are still no military or political indicators of Egyptian intentions or preparations to resume hostilities." This was the day the war started.

4. In other words, the principal conclusions concerning the imminence of hostilities reached and reiterated by those responsible for intelligence analysis were--quite simply, obviously, and starkly--wrong.

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B. In probing the attitudes behind the analysis the Community post mortem identified a number of factors at work. For example:

1. The Cry Wolf syndrome affected seasoned analysts.

Most of them believed war in the Middle East could resume at almost any time and almost certainly would. But they resisted alarms which seemed to non-experts to signal particular peril but which, more often than not in the past, had subsequently proved false.

2. There were preconceptions concerning relative Arab and Israeli military prowess. The June War was frequently invoked by analysts as proof of fundamental and permanent weaknesses in the Arab forces and, inferentially, of Israeli invincibility.

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3. Except for some analysts in the State Department, there was a failure to allow for the possibility that "rational" men like Sadat and Asad might make a decision to go to war in anticipation of defeat on the battlefield but with hope for a victory at the conference table.

4. Other problems included

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the breakdown of coordination of finished intelligence in the last few days prior to the war; the difficulty of making incremental analysis as opposed to a quick judgment on the day's "take"; and various forms of Arab deception.

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C. In the aftermath of the post mortem several proposals were designed to correct these deficiencies. We will not dwell on them here; most are of a rather technical nature. But the main purpose of them has been to improve the Community's analytical performance because the underlying premise has been that the major failure was analytical.

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II. Intelligence and the Coup in Portugal

A. The intelligence on Portugal in the period immediately before the coup of April 1974 was neither particularly good nor particularly bad.

1. Portuguese society appeared quiescent, and there seemed to be no great need in the Community to probe into the country's domestic politics.

2. Nevertheless a spate of articles on the country appeared in current intelligence publications in the two months prior to the coup--which suggested that something in Portugal was coming unglued.

B. In order to have predicted the coup itself--i.e., its date and character--the Community would have needed more detailed information about the Armed Forces Movement and the Government than was at hand.

1. The National Intelligence Officer for Western Europe believes that the greatest failure by the Community was its inability to draw up an accurate and specific description of the philosophies and intentions of the members of the Armed Forces Movement.

2. The military attaches have been criticized for failing to develop the associations with Portuguese officers, particularly younger officers, which might have provided such information.

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C. Offsetting these failures to some extent were the accurate descriptions intelligence provided of the growing discontent with the old regime, particularly among the military, over the country's policies in Africa, and among conservatives who resented the government's perceived embracing of more "liberal" positions.

D. Since the coup the Community has tracked the developments well

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### III. The Intelligence Community and the Cyprus Crisis

A. The IC Staff's post mortem on Cyprus has reflected a more positive assessment of the Community's performance than did the post mortem on the October War.

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3. The Community did well in estimating Soviet military non-involvement in the crisis--a very important consideration for US policy makers.

B. But we noted an analytical failing which paralleled the Community's analytical weakness in the period before the Arabs' attack on Israel in October 1973.

1. We saw a tendency among analysts to ignore mounting indicators of a crisis because they persuaded themselves they had seen similar indicators before and nothing had happened.

2. Beyond this, the analysts, being reasonable people themselves, entertained a subconscious conviction and hope that, ultimately reason and rationality would prevail, and that apparently irrational moves (the Arab attack, the Greek-sponsored coup) would not be made by essentially rational men.

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C. Two points in favor of the analysts are worth adding here.

1. The failure to predict applied to what the Greeks would do--i.e., engineer a coup. No one really doubted that the Turks would react strongly if the coup occurred.

2. A number of senior analysts on this area have posed an interesting question on appraising "rational" versus "irrational" conduct: If the assumption of "rationality" in foreign leaders by the Community occasionally leads to bad predictions, does anyone seriously believe that the assumption of "irrationality" in foreign leaders would always lead to good predictions? There are situations where it is better for an analyst to be wrong for the right reason than right for the wrong one.

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IV. Intelligence, Angola, and Africa

A. Until recently events in sub-Saharan Africa have not been of great interest to policy makers. Faced with compelling demands to report on developments elsewhere, the Intelligence Community has devoted relatively little attention to the region.

1. The Community has, however, reported regularly on the fighting in the country and on the unsuccessful Portuguese efforts, late in 1974, to turn formal control of the country over a reasonably unified African administration.

2. The Community was also aware that the Cubans had been supplying the Popular Movement for the Liberation of Angola, one of the contesting factions, with modest amounts of aid since early in the 1960s.

B. But the Intelligence Community gave no warning that the Cubans planned a dramatic increase in their military support to the MPLA or that the Cubans intended to commit their own forces to the fighting. There are several reasons for this failure.

1. It seemed uncharacteristic of the Cubans to involve themselves abroad in such a large and visible way.

2. There was reason to believe, furthermore, that some Cuban leaders desired better relations with the United States. Such an improvement could not be pursued if a significant involvement in Angola were planned.

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C. Once the Cubans became so involved, however, the Community produced accurate, though occasionally belated, estimates of the size of the rapidly growing Cuban force.

D. Southern Africa generally, and the fighting in Rhodesia especially, are now of high priority concern to the Community, and these subjects are now being covered in a number of appropriate studies. There is a National Intelligence Officer charged with responsibilities for Africa (in addition to South Asia); this was not true prior to the Angolan imbroglio.

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I. Background

- A. Congress created the present national intelligence system by the National Security Act of 1947. It had in mind primarily the avoidance of any future Pearl Harbors by setting up the DCI, with a modest staff, to make sure that all the information available to the US government was assessed in one place.
- B. A great deal has happened since 1947 that Congress could not have foreseen and did not provide for.
  - 1. The Cold War and its requirement for a greatly increased intelligence effort.
  - 2. The central role of intelligence in making national security policy decisions in peace time (buying weapons systems).
  - 3. The development of major technical collection systems that require centralized control.
  - 4. The expenditure of a substantial slice of the peace-time budget on intelligence.

C. A number of these developments combine to place the DCI and the Department of Defense in adversary roles.

1. The DoD controls 80% of the national intelligence budget.
2. The practical needs of the DoD for intelligence both in fighting wars and in preparing for them often compete with the needs defined by the DCI at the national level for intelligence in peace time and ~~in~~ <sup>for</sup> preventing crises from reaching the hostility stage.
3. In particular, the national authorities and the field commanders are coming to compete for the product of major technical collection systems.

D. The result of almost 30 years of ~~evaluation~~ and bureaucratic struggle under these pressures has been a complicated structure ~~of compromise~~ and of interlocking committees that has grown more by accretion than by design. Moreover, it has become increasingly resistant to change. The DCI has acquired greatly increased responsibilities but has not been given the authorities to go with them. Moreover, as the complexity and ex-

pense of national systems have grown, he has increasingly been placed in a position where his objectivity in dealing with community resource matters has been compromised *in the eyes of others* by the fact that he also represents CIA.

## II. The President's Solution As Embodied in E.O. 11905

- A. The President made a clean sweep of the entire Community and committee structure. His intent was to give the DCI greatly increased authority and give him a relatively free hand to modernize, discard and retain.
- B. Resource management for the Community was centralized in the Committee on Foreign Intelligence.
  1. The DCI is the Chairman, with the Deputy Secretary of Defense for Intelligence and the Deputy Assistant to the President for National Security Affairs as members. The Committee thus contains the officers responsible for managing virtually all of the nation's intelligence assets.
  2. It will be responsible for the budget of the national foreign intelligence program and for larger policy and management decisions for the Community as a whole. How the budget process will be worked out to meet the requirements of

program managers, the DoD, OMB, and Congress is an exceedingly difficult question, one we are just beginning to address.

3. Since the Committee is intended to balance the national interest with the departmental interest of DoD, it is not advisory to the DCI. Rather, the DCI is first among equals, with any member having the right to appeal to the President through the NSC. Nevertheless, the DCI's role in management of defense intelligence resources has been very substantially increased.
- C. In the production of national intelligence, the DCI's primarily role has been reaffirmed. His increased authority in resource management, moreover, should give him greater freedom of action in improving the quality of intelligence.
  1. The DCI has not yet decided what changes he will make in the present structure for intelligence production, and has requested that the present machinery be maintained

2. Almost certainly, there will be some sort of successor board to USIB, advisory to the DCI, and the right of dissent will certainly be maintained.

D. To lessen the DCI's conflict of interest problem, he will be provided with two deputies.

1. A deputy for the Community will handle <sup>his</sup> greatly increased responsibilities and will provide the staffing for the CFI.
2. A deputy for the Agency will relieve the DCI of the need to provide day-to-day management attention to the Agency and leave him more time for his broader responsibilities. At the same time, this deputy can serve as the Agency spokesman on Community resource issues placed before the DCI. This will relieve him of the necessity for being both plaintiff and judge.

III. Remainder of Provisions in the Executive Order

A. The National Security Council Intelligence Committee was set up in 1971 to provide a critique of intelligence by

its senior customers. It never got off the ground.

It has now been replaced by a requirement that the NSC itself conduct semi-annual reviews of intelligence performance. (RL Note: I have little faith that this will be much better.) The DCI is also authorized to create his own mechanisms for this purpose, and these are likely to work better than NSCIC because the initiative is with him and not with the consumer.

B. The 40 Committee, responsible for approval of covert action and certain technical collection operations, has been replaced by an Operations Advisory Group.

1. In effect, the membership is that of the 40 Committee raised to the principal level, with the Attorney General and the Director, OMB added as observers.

2. The Executive Order also calls for more formal approval procedures and provides for dissents.

C. The President has also created an Intelligence Oversight Board within the Executive Branch.

1. "Oversight" here means the prevention of improprieties and illegal acts.

2. The Board will be appointed by the President and consist of three

members from outside the government. Its membership may overlap with that of the President's Foreign Intelligence Advisory Board.

3. There are elaborate provisions for reporting to the Board by Inspector Generals and General Counsels of the various agencies of the Community.

IV. All in all, the reorganization provides:

- A. A streamline structure, with clearer lines of responsibility and accountability.
- B. A DCI with greater authority in the Community management field.
- C. The maintenance and strengthening of a national intelligence analysis capability under the President, and independent of the major policy departments.
- D. Stronger mechanisms for control, review, and oversight of intelligence activities.

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Remarks: Paul,  
 Gen. Walters is scheduled to talk  
 at Ft. Leavenworth on 27 March.  
 He has asked that you  
 have comments prepared to help  
 him respond to the questions  
 outlined in para 2 of the attached  
 message from Gen. Ahern.  
 By COB Thursday, 18 March, please.

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